

**FACTORS INFLUENCING ISLAMIC BANKING
SELECTION CRITERIA AMONG MUSLIM
INTERNATIONAL STUDENTS OF SELECTED
UNIVERSITIES IN NORTHERN STATES OF MALAYSIA**

By

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**MASTER IN ISLAMIC FINANCE AND BANKING
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ABSTRACT

The number of Muslim international students studying in the Malaysian institution of Higher education is incessantly growing. The extensive numbers of Muslim international students in Malaysia have contributed not only the country's education sector, but even the Islamic banking industry as well. Thus, the aim of the study is to examine the factors that influence Muslim international student's selection criteria of the Islamic banking sector. This study focuses on all international students in Northern State of Malaysia, especially three public universities, namely University Utara Malaysia, University Sains Malaysia, and University Malaysia Perlis. A total of 217 questionnaires are distributed and 163 usable responses were analyzed. The outcome of the study indicates that 43 percent of the variance of Muslim international student's selection criteria to choose Islamic banking system can be explained by the variables which are religiosity, knowledge, service, reputation. Furthermore out of the four independent variables, the variables, specifically knowledge, service and reputation are found significant to the selection criteria of Islamic banking, while the religiosity variable is not significant to selection criteria of Islamic banking

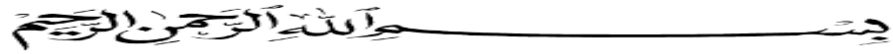
Keyword: Muslim international students, selection criteria, religiosity, knowledge, service, reputation

ABSTRAK

Bilangan pelajar Muslim luar negara yang melanjutkan pelajaran di Institusi Pengajian Tinggi di Malaysia semakin meningkat secara berterusan. Peningkatan bilangan pelajar Muslim luar negara ini bukan sahaja menyumbang kepada sektor pendidikan negara malahan turut menyumbang kepada industri perbankan Islam secara keseluruhannya. Oleh itu, tujuan kajian ini dilakukan adalah untuk menentukan faktor yang mempengaruhi kriteria pemilihan pelajar Muslim luar negara terhadap sektor perbankan Islam. Kajian ini hanya ditumpukan kepada semua pelajar antarabangsa yang menuntut di utara Semenanjung Malaysia khasnya kepada tiga buah universiti awam iaitu Universiti Utara Malaysia (UUM), Universiti Sains Malaysia (USM) dan Universiti Malaysia Perlis (UNIMAP). Sebanyak 217 borang soal selidik diagihkan dan hanya 163 responden memberikan maklum balas untuk dibuat penilaian. Hasil daripada kajian ini mendapati sebanyak 43 peratus dalam kriteria pemilihan pelajar Muslim di luar negara memilih sistem perbankan Islam yang diterangkan melalui beberapa pemboleh ubah seperti keagamaan, pengetahuan, perkhidmatan dan reputasi. Tambahan pula, daripada empat pemboleh ubah yang tidak bersandar ini, pemboleh ubah bagi pengetahuan, perkhidmatan dan reputasi didapati mempunyai hubungan yang penting dalam kriteria pemilihan perbankan Islam manakala pemboleh ubah keagamaan tidak mempunyai hubungan yang ketara dalam kriteria pemilihan perbankan Islam.

Kata kunci: Pelajar Muslim luar negara, kriteria pemilihan, keagamaan, pengetahuan, perkhidmatan, reputasi

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LIST OF ABBREVIATIONS

UNISCO	United Nation Educational Scientific And Cultural Organization
OECD	Organization for Economic Co-Operation and Development
UUM	Universiti Utara Malaysia
USM	Universiti Sains Malaysia
UNIMAP	Universiti Malaysia Perlis
HE	Higher Education
HEIs	Higher Education Institutions
PSPTN	Strategic Plan for Higher Education
SPSS	Statistical Package of Social Science
DV	Dependent Variable
IV	Independent Variable
BIMB	Bank Islam Malaysia Berhad
BNM	Bank Negara Malaysia

CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 Introduction

This chapter introduces the background of the global Islamic banking industry, particularly in the context of Malaysia where this research is conducted. The chapter consists of ten parts. These parts highlight the background of the study, problem statement, research questions and objectives, followed by the significance of the study, and the scope of the study. The chapter concludes with the explanation of the organization of the research.

1.1.1 International Students Mobility in the World

The United Nation Educational Scientific and Cultural Organization (UNESCO) and Eurostat has expressed international students as those who are not the resident of their country of study or those who have received their previous education in another country (OECD, 2004). Now-a-days, millions of students from all over the world study outside their countries every year. In the past 20 years, education has become an industry with tremendous potential alike any other trade business.

According to OECD (2014), in the year 2012, 4.5 million students from all over the world were accepted into university education outside their countries and predicted that more than 7 million students will be accepted in the year of 2025 (Böhm et al., 2002). Evidently there is an increasing trend of studying overseas. In short, it is a great potential market, especially for the tertiary education in considerable developed countries.

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Quran (*Yusuf Ali translation*)